



Fu Shek Financial Holdings Limited 富石金融控股有限公司

(Incorporated in the Cayman Islands with limited liability)
Stock Code: 2263

**INTERIM
REPORT**
2022/23

Contents

Corporate Information	02
Management Discussion and Analysis	03
Report on Review of Condensed Consolidated Financial Statements	17
Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income	19
Condensed Consolidated Statement of Financial Position	20
Condensed Consolidated Statement of Changes in Equity	21
Condensed Consolidated Statement of Cash Flows	22
Notes to the Condensed Consolidated Financial Statements	23

Corporate Information

BOARD OF DIRECTORS

Non-executive Director

Mr. Keng Stephen Lee
(formerly known as Li Ching Chung) (*Chairman*)

Executive Directors

Mr. Sy Man Chiu (*Chief Executive Officer*)
Mr. Ng Sik Chiu

Independent Non-executive Directors

Dr. Yu Sun Say
Mr. Lai Man Sing
Ms. Tsang Ngo Yin

AUDIT COMMITTEE

Mr. Lai Man Sing (*Chairman*)
Dr. Yu Sun Say
Ms. Tsang Ngo Yin

REMUNERATION COMMITTEE

Dr. Yu Sun Say (*Chairman*)
Mr. Keng Stephen Lee
(formerly known as Li Ching Chung)
Mr. Lai Man Sing

NOMINATION COMMITTEE

Mr. Keng Stephen Lee
(formerly known as Li Ching Chung) (*Chairman*)
Dr. Yu Sun Say
Mr. Lai Man Sing

REGISTERED OFFICE

Cricket Square
Hutchins Drive
P.O. Box 2681
Grand Cayman KY1-1111
Cayman Islands

HEADQUARTERS AND PRINCIPAL PLACE OF BUSINESS IN HONG KONG

Room 2705–6, 27/F
Tower One, Lippo Centre
89 Queensway
Hong Kong

HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

Union Registrars Limited
Suites 3301–04, 33/F
Two Chinachem Exchange Square
338 King's Road
North Point
Hong Kong

COMPANY SECRETARY

Mr. Wu Man Sun

LEGAL ADVISER

Michael Li & Co.
19th Floor, Prosperity Tower
39 Queen's Road Central
Central
Hong Kong

AUDITOR

Baker Tilly Hong Kong Limited
Certified Public Accountants
Registered Public Interest Entity Auditor
2nd Floor, Foyer, 625 King's Road
North Point
Hong Kong

PRINCIPAL BANKERS

Chiyu Banking Corporation Limited
Chong Hing Bank Limited
Dah Sing Bank Limited
The Hongkong and Shanghai Banking Corporation Limited

WEBSITE

www.hkfsfinance.com

Management Discussion and Analysis

INDUSTRY REVIEW

Hong Kong's economy contracts 3.3% year on year in the first three quarters of 2022, continuing the economic contraction to the third straight quarter. The Russo-Ukrainian conflict in the early 2022 was yet to be resolved and the surging energy and commodity prices that drastically changed the world's inflation expectations.

The continued outbreak of coronavirus and the rapid increase in interest rates induced by the US Fed have further dampened the confidence in the financial market, investors' attitude towards the stock market has become more prudent. The unfavourable investment sentiment and the volatility in the financial markets have exerted pressure on the Group's operations. According to the monthly market highlights provided by the Hong Kong Stock Exchange, contracted trading activities in the capital market are reflected in the decreasing average daily turnover for the securities market for the first three quarters of 2022, which reached HK\$124.1 billion representing a decrease of 31% as compared to corresponding period in a year earlier.

The total funds raised in the market for the first three quarters of 2022 was HK\$192.4 billion, which represented a decrease of 68% as compared to corresponding period in a year earlier.

BUSINESS REVIEW

Since over a decade ago, Fu Shek Financial Holdings Limited (the "Company") and its subsidiaries (collectively, the "Group") has been providing comprehensive financial services in Hong Kong, including (i) securities trading services including brokerage services and margin financing services; (ii) placing and underwriting services; and (iii) asset management services. During the six months ended 30 September 2022 (the "Reporting Period"), the Group's revenue was approximately HK\$19.9 million, which recorded a 8.1% decrease of total revenue for the corresponding period in 2021.

Securities Trading Services

Brokerage Services

The Group provides securities dealing and brokerage services and ancillary service to clients who maintain a trading account. Commission income from the Group's securities brokerage business and handling and other fee income for the Reporting Period decreased by 55.3% to approximately HK\$4.6 million as compared with that of the six months ended 30 September 2021 (the six months ended 30 September 2021: approximately HK\$10.3 million) and accounted for 23.1% (the six months ended 30 September 2021: 47.5%) of the total revenue. The decrease in revenue from brokerage services was attributable to the decreased commission income received due to decreased trading turnover which is in line with the market during the Reporting Period. The segment profit from brokerage services decreased by 59.8% to approximately HK\$2.9 million as compared with the corresponding period of 2021 (the six months ended 30 September 2021: approximately HK\$7.2 million) which is in line with the decrease in trading turnover during the Reporting Period.

Management Discussion and Analysis (Continued)

Margin Financing Services

The Group provides financing services to facilitate its clients' purchase of securities on a margin basis in the secondary market and subscription to IPOs. Interest income from margin financing provided by the Group for the Reporting Period increased by 53.5% to approximately HK\$14.4 million as compared with that of the six months ended 30 September 2021 (the six months ended 30 September 2021: approximately HK\$9.4 million) and accounted for 72.7% (the six months ended 30 September 2021: 43.5%) of the total revenue. The growth in interest income from margin financing was mainly due to an increase in interest income derived from our margin clients as the demand for our margin financing services increased generally during the Reporting Period. The segment profit from margin financing services increased by 27.9% to approximately HK\$13.1 million as compared with the corresponding period of 2021 (the six months ended 30 September 2021: approximately HK\$10.3 million) as an allowance for impairment loss of approximately HK\$0.8 million was recognised under the expected credit loss model for accounts receivable arising from the business of dealing in securities while an allowance for impairment loss of approximately HK\$1.1 million was reversed for the corresponding period in 2021 and more finance costs incurred during the Reporting Period.

Placing and Underwriting Services

The Group provides placing and underwriting services by acting as (i) bookrunner, lead manager or underwriter of listing applicants in IPOs; and (ii) placing agent of listed companies in connection with their issuance or sale of securities, in return for placing and/or underwriting commission income. The commissions from placing and underwriting engagements vary on a case-by-case basis, as they are charged either based on pre-determined fixed fee or a fee calculated as a percentage of the total price of shares underwritten. Commission income from the Group's placing and underwriting services for the Reporting Period decreased by 56.8% to approximately HK\$0.8 million as compared with that of the six months ended 30 September 2021 (the six months ended 30 September 2021: approximately HK\$1.9 million) which is in line with the decrease in the total funds raised in the market and accounted for 4.2% (the six months ended 30 September 2021: 9.0%) of the total revenue. The segment result from placing and underwriting services recorded a loss of approximately HK\$14,000 (the six months ended 30 September 2021: profit of approximately HK\$0.5 million). The segment loss recorded was mainly due to more commission expenses incurred compared to the commission income recognised during the Reporting Period.

Asset Management Services

During the Reporting Period, the revenue of asset management services was approximately HK\$2,000 (the six months ended 30 September 2021: HK\$4,000) and the segment loss was HK\$88,000 (the six months ended 30 September 2021: HK\$86,000). The expansion of asset management services segment has met difficulties under the current generally unfavorable investment landscape.

Management Discussion and Analysis (Continued)

OUTLOOK

With the implementation of massive vaccination programme in various places around the world, it is anticipated that the impact of COVID-19 pandemic will be moderated gradually and the global economies will rebound and Hong Kong remains as one of the world's strongest financial markets. The Group believes that the Hong Kong financial services industry, following its re-opening to the world, with its strengths of long development history, sound reputation, supportive policies and outstanding industry professionals, would remain in a top position worldwide. Many companies, who have listed in the US, are still looking for a secondary listing in Hong Kong to expand their market to Asia. The Group will leverage the knowledge and experience of our management team to seize opportunities as they arise, especially in the expansion of our margin financing services through obtaining and utilising our banking facilities. In response to the opportunities in the market, the Group will remain prudent towards external factors arising from the global and local economic situation and enhance its strengths to consolidate the Group's position in the industry. The Group will closely monitor the COVID-19 and proactively respond to its impact on the Group's financial position and operating results.

FINANCIAL REVIEW

Revenue

During the Reporting Period, the Group recorded a revenue of approximately HK\$19.9 million (the six months ended 30 September 2021: approximately HK\$21.6 million), representing a decrease of 8.1% compared with that of the six months ended 30 September 2021. The overall decrease was mainly due to decrease in brokerage services income while offsetting the increase in interest income from margin financing business during the Reporting Period.

Other Operating Expenses

For the Reporting Period, the other operating expenses decreased 37.4% to approximately HK\$2.9 million as compared with the six months ended 30 September 2021 (the six months ended 30 September 2021: approximately HK\$4.7 million). The decrease was mainly due to less compliance advisory fee and settlement and brokerage trading expenses, which was in line with the decrease in trading turnover during the Reporting Period.

Net Profit

For the Reporting Period, the Group's net profit was approximately HK\$8.7 million, which was an increase of 0.2% compared with approximately HK\$8.7 million from the six months ended 30 September 2021. Such change was mainly due to increase in interest income from margin financing services and decrease in other operating expenses while offsetting the decrease in brokerage services income and increase in impairment loss for accounts receivable arising from the business of dealing in Securities under the expected credit loss model as compared with the six months ended 30 September 2021.

Management Discussion and Analysis (Continued)

LIQUIDITY, FINANCIAL RESOURCES AND CAPITAL STRUCTURE

The Group maintained a strong cash position with bank deposits, and financed its operations by cash mainly generated from bank borrowings. As at 30 September 2022, the Group had total bank balances for general accounts and cash of approximately HK\$119.4 million (as at 31 March 2022: approximately HK\$103.7 million). As at 30 September 2022, the Group had net current assets of approximately HK\$343.2 million, representing an increase of approximately HK\$8.4 million as compared with that of approximately HK\$334.8 million as at 31 March 2022. The financial position of the Group remained stable during the Reporting Period.

The Group's gearing ratio was approximately 0.09 as at 30 September 2022 (as at 31 March 2022: 0.09).

Gearing ratio is calculated based on total debts which represent bank borrowings only, divided by net assets as at the end of the Reporting Period.

Borrowings

The major source of debt financing of the Group was mainly from banks. As at 30 September 2022, the Group had bank borrowings of HK\$30.0 million (as at 31 March 2022: HK\$30.0 million). The bank borrowings were with a repayment on demand clause. Bank borrowings were at a floating rate of 1.7% p.a. over 1-week Hong Kong Inter-bank Offered Rate.

Pledge of Assets

As at 30 September 2022, the Group did not have any pledged assets (as at 31 March 2022: Nil).

Foreign Currency Exposure

As the Group only operates in Hong Kong and the majority of the revenue and transactions arising from its operations were settled in Hong Kong dollar, the directors of the Company (the "Directors") are of the view that the Group's foreign exchange rate risks are insignificant. Thus, the Group has not entered into any derivative contracts to hedge against the foreign exchange rate risk for the Reporting Period.

Capital Commitments and Contingent Liabilities

As at 30 September 2022, the Group did not have any significant capital commitment and contingent liabilities (as at 31 March 2022: Nil).

Management Discussion and Analysis (Continued)

Employees and Remuneration Policies

As at 30 September 2022, the Group employed 16 staff (as at 31 March 2022: 15). The employees' remuneration was determined based on factors such as qualification, duty, contributions and years of experience. Staff costs primarily consist of fees, salaries, discretionary bonus and other benefits as well as contributions to the mandatory provident fund for the Directors and employees of the Group. Staff costs was approximately HK\$4.7 million during the Reporting Period (the six months ended 30 September 2021: HK\$5.4 million), representing a decrease of approximately 12.9%.

Material Acquisitions and Disposals of Subsidiaries, Associates and Joint Ventures

During the Reporting Period, the Group did not have any material acquisitions and disposals of subsidiaries, associates or joint ventures.

Significant Investments Held by the Group

As at 30 September 2022, the Group did not make any significant investments (as at 31 March 2022: Nil).

FUTURE PLANS FOR MATERIAL INVESTMENTS OR CAPITAL ASSETS

Save as disclosed under the section headed "Future Plans and Use of Proceeds" in the prospectus of the Company dated 31 January 2020 (the "Prospectus"), the Group did not have other future plans for material investments or capital assets as at the date of this interim report.

USE OF PROCEEDS

The net proceeds from the listing of the Company's shares on the main board of the Stock Exchange received by the Group, after deducting related expenses, were approximately HK\$90.6 million. These proceeds are intended to be applied in accordance with the proposed application set out in the section headed "Future Plans and Use of Proceeds" in the Prospectus. Such uses include: (i) expansion of placing and underwriting business; (ii) funding for margin financing business; (iii) establishment and renovation of a new office; (iv) expansion of workforce; (v) enhancement of IT systems; (vi) promotion and marketing; and (vii) working capital.

Management Discussion and Analysis (Continued)

Business strategies	Net proceeds as allocated in accordance with the Prospectus	Actual use of net proceeds up to 30 September 2022	Unutilised use of net proceeds up to 30 September 2022	Expected timeline of full utilisation of the balance
	HK\$'000	HK\$'000	HK\$'000	
Expansion of placing and underwriting business	27,000	27,000	–	–
Funding for margin financing business	10,200	10,200	–	–
Establishment and renovation of a new office	15,700	–	15,700	End of 2024
Expansion of workforce	12,900	964	11,936	End of 2024
Enhancement of IT systems	9,000	–	9,000	End of 2024
Promotion and marketing	7,200	–	7,200	End of 2024
Working capital	8,600	8,600	–	–
Total	<u>90,600</u>	<u>46,764</u>	<u>43,836</u>	

As at 30 September 2022, the unutilised net proceeds were placed with a licensed bank in Hong Kong.

In consideration of the stock market volatility arising from the prolonged COVID-19 crisis and uncertain economic outlook, the Group has adopted a conservative but flexible approach for utilising the proceeds effectively and efficiently for the long-term development of the Group. The Group has kept the expansion and development plans on hold during the Reporting Period, and planned to resume when the COVID-19 pandemic is under control or until it subsides.

The Directors regularly evaluate the Group's business objective and may change or modify plans against the changing market condition to ascertain the business growth of the Group. During the Reporting Period, the Directors considered that no modification of the use of proceeds described in the Prospectus was required.

INTERIM DIVIDENDS

The board of the Directors (the "Board") does not recommend the declaration of interim dividend for the Reporting Period (the six months ended 30 September 2021: Nil).

Management Discussion and Analysis (Continued)

EVENTS AFTER THE REPORTING PERIOD

The Group had no material subsequent events after the Reporting Period.

COMPLIANCE WITH CORPORATE GOVERNANCE CODE

The Board is of the view that the Company has met the code provisions set out in the Corporate Governance Code contained in Appendix 14 to the Rules (the “Listing Rules”) Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited (the “Stock Exchange”) for the Reporting Period.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY’S LISTED SECURITIES

Throughout the Reporting Period, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company’s listed securities.

MODEL CODE FOR SECURITIES TRANSACTIONS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the “Model Code”) as set out in Appendix 10 of the Listing Rules as its code of conduct regarding securities transactions by the Directors. All Directors have confirmed, following specific enquiry by the Company of all Directors that they have fully complied with the required standard as set out in the Model Code throughout the Reporting Period.

AUDIT COMMITTEE

The Company established its Audit Committee which consists of three members, namely Mr. Lai Man Sing (chairman), Dr. Yu Sun Say and Ms. Tsang Ngo Yin. The Audit Committee has also adopted written terms of reference which clearly set out its duties and obligations for ensuring compliance with the relevant regulatory requirements.

The Audit Committee has reviewed with management of the Company the Group’s unaudited condensed consolidated interim financial statements for the six months ended 30 September 2022 including the accounting principles and practices adopted by the Group.

REVIEW OF UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

The unaudited condensed consolidated financial statements of the Group as set out in this interim report had been reviewed by the Audit Committee and the Company’s auditor, Baker Tilly Hong Kong Limited.

Management Discussion and Analysis (Continued)

DEED OF NON-COMPETITION

The controlling shareholders as defined in the Listing Rules and, in the context of the Company, means Mr. Keng Stephen Lee, Ms. Yeung Lai Lai and Man Chase Holdings Limited (collectively the “Controlling Shareholders”), have entered into the deed of non-competition dated 22 January 2020 (the “Deed of Non-competition”) in favour of the Company, details of which were set out in the Prospectus. Pursuant to the Deed of Non-competition, the Controlling Shareholders have undertaken to the Company (for itself and as trustee for each of its subsidiaries from time to time) that with effect from the date of listing of the Company’s shares on the Main Board of the Stock Exchange (the “Listing Date”), they would not and would procure that none of their close associates (except for any members of the Group) shall, except through their interests in the Company, whether as principal or agent and whether undertaken directly or indirectly, either on their own account or in conjunction with or on behalf of any person, corporate, partnership, joint venture or other contractual arrangement and whether for profit or otherwise, among other things, carry on, participate, acquire or hold any right or interest or otherwise be interested, involved or engaged in or connected with, directly or indirectly, any business which is, directly or indirectly, in any respect in competition with or similar to or is likely to be in competition with the core business of the Group currently excluded or possibly in the future to be engaged by the Group in Hong Kong or such other countries as the Group may conduct or carry on business from time to time (the “Undertakings”).

The Controlling Shareholders have confirmed to the Company that during the Reporting Period and up to the date of this interim report, they and their respective close associates (as defined under the Listing Rules) have complied with the Undertakings contained in the Deed of Non-competition.

Management Discussion and Analysis (Continued)

DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES

As at 30 September 2022, the following Directors and chief executive of the Company had or were deemed to have interests or short positions in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (Cap. 571 of the Laws of Hong Kong (the "SFO")) (i) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO); or (ii) which were required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein; or (iii) which were required to be notified to the Company and the Stock Exchange pursuant to the Model Code are as follows:

Interest in shares of the Company

Name of Director	Capacity/nature of interest	Number and class of securities <i>(Note 1)</i>	Approximate percentage of shareholding <i>(%)</i>
Mr. Keng Stephen Lee ("Mr. Keng")	Interest in controlled corporation <i>(Note 2)</i>	750,000,000 shares (L)	75%

Notes:

- (1) The letter "L" denotes a person's long position in the shares.
- (2) Mr. Keng owns 60% of the issued share capital of Man Chase Holdings Limited ("Man Chase"). By virtue of the SFO, Mr. Keng is deemed to be interested in such Shares held by Man Chase.

Management Discussion and Analysis (Continued)

Interest in shares of associated corporation of the Company

Name of Director	Name of associated corporation	Capacity/nature of interest	Number and class of securities <i>(Note)</i>	Approximate percentage of shareholding in associated Corporation <i>(%)</i>
Mr. Keng	Man Chase	Beneficial owner	60 Shares (L)	60%

Note: The letter "L" denotes a person's long position in the shares.

Save as disclosed above, as at 30 September 2022, none of the Directors and chief executive of the Company had any interests or short positions in any shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which he was taken or deemed to have under such provisions of the SFO), or which were required, pursuant to Section 352 of the SFO, to be recorded in the register referred to therein or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

Management Discussion and Analysis (Continued)

SUBSTANTIAL SHAREHOLDERS' INTERESTS IN SHARES AND UNDERLYING SHARES

As at 30 September 2022, so far as is known to the Directors, the following persons (not being Directors or chief executive of the Company) had, or were deemed to have, interests or short positions in the shares, underlying shares of the Company which would fall to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO or which were required to be recorded in the register of interests required to be kept by the Company under Section 336 of the SFO:

Name of Shareholder	Capacity/nature of interest	Number and class of securities <i>(Note 1)</i>	Approximate percentage of shareholding <i>(%)</i>
Man Chase	Beneficial owner	750,000,000 Shares (L)	75%
Ms. Yeung Lai Lai ("Ms. Yeung")	Interest in controlled corporation <i>(Note 2)</i>	750,000,000 Shares (L)	75%
Ms. Mei Ngar Cindy Sze <i>(Note 3)</i>	Interest of spouse	750,000,000 Shares (L)	75%
Mr. Ng Hoi Shuen <i>(Note 4)</i>	Interest of spouse	750,000,000 Shares (L)	75%

Notes:

- (1) The letter "L" denotes a person's long position in the Shares.
- (2) Man Chase is owned as to 60% by Mr. Keng and 40% by Ms. Yeung. Therefore, each of Mr. Keng and Ms. Yeung is deemed to be interested in the Shares held by Man Chase under the SFO.
- (3) Ms. Mei Ngar Cindy Sze is the spouse of Mr. Keng.
- (4) Mr. Ng Hoi Shuen is the spouse of Ms. Yeung.

Save as disclosed above, as at 30 September 2022, none of the substantial or significant shareholders or other persons, other than the Directors and chief executive of the Company whose interests are set out in the paragraph headed "Directors' and chief executive's interests and short positions in shares, underlying shares and debentures" above, had any interests or short positions in the shares or underlying shares as recorded in the register required to be kept by the Company under Section 336 of the SFO.

Management Discussion and Analysis (Continued)

SPECIFIC PERFORMANCE OBLIGATIONS ON CONTROLLING SHAREHOLDER

Facility Agreement I

Reference is made to the announcement of the Company dated 12 August 2021. On 12 August 2021, Sinomax Securities Limited (“Sinomax Securities”), an indirect wholly-owned subsidiary of the Company, as borrower, and the Hongkong and Shanghai Banking Corporation Limited (“HSBC”), as lender, entered into Facility Agreement I in relation to a revolving loan facility and an overdraft facility of up to a principal amount of HK\$15,000,000 and HK\$10,000,000 respectively, which are agreed to be made available by HSBC to Sinomax Securities on the terms and conditions contained therein.

Pursuant to Facility Agreement I, specific performance obligations are imposed as follows: (a) Mr. Keng Stephen Lee and Ms. Yeung Lai Lai (collectively, the “Controlling Shareholders”), undertake not to charge or otherwise encumber the shares of the Company without HSBC’s prior written consent; (b) the Controlling Shareholders undertake, upon request by HSBC, to provide a written confirmation to HSBC for the compliance with its negative pledge obligation; and (c) the Controlling Shareholders undertake, upon request by HSBC, to transfer their shares in the Company to HSBC’s account regularly to evidence free of encumbrance.

The Controlling Shareholders will be required for so long as the facilities under the Facility Agreement I are available to Sinomax Securities to comply with the above undertakings. A breach of the above specific performance obligations by the Controlling Shareholders may result in HSBC to cancel all or any part of the commitments under the Facility Agreement I and all amounts outstanding under the Facility Agreement I may immediately become due and payable. Under the Facility Agreement I, HSBC has the right to suspend, withdraw or make demand for repayment in respect of the whole or any part of the facilities made available to Sinomax Securities at any time.

The facilities under Facility Agreement I have no fixed terms and are subject to periodic review of HSBC.

As at 30 September 2022, loan amount outstanding under Facility Agreement I was HK\$Nil.

Facility Agreement II

Reference is made to the announcement of the Company dated 20 January 2022. On 19 January 2022, Sinomax Securities, as borrower, and Chiyu Banking Corporation Limited (“Chiyu”), as lender, entered into Facility Agreement II in relation to a revolving loan facility of up to a principal amount of HK\$30,000,000, which are agreed to be made available by Chiyu to Sinomax Securities on the terms and conditions contained therein.

Management Discussion and Analysis (Continued)

Pursuant to Facility Agreement II, specific performance obligations are imposed as follows: (a) the Controlling Shareholders have undertaken to Chiyu to hold not less than 51% of the issued share capital of the Company in aggregate; and (b) the Controlling Shareholders have undertaken to Chiyu to retain not less than 51% voting right of the Company in aggregate.

The Controlling Shareholders will be required for so long as the facility under the Facility Agreement II is available to Sinomax Securities to comply with the above undertakings. A breach of the above specific performance obligations by the Controlling Shareholders may result in Chiyu to cancel all or any part of the commitments under the Facility Agreement II and all amounts outstanding under the Facility Agreement II may immediately become due and payable. Under the Facility Agreement II, Chiyu has the right to modify, cancel, suspend or make demand for repayment in respect of the whole or any part of the facilities made available to Sinomax Securities at any time.

The facilities under Facility Agreement II have no fixed terms and are subject to periodic review of Chiyu.

As at 30 September 2022, loan amount outstanding under Facility Agreement II was HK\$30,000,000.

SHARE OPTION SCHEME

The share option scheme (the "Share Option Scheme") is a share incentive scheme prepared in accordance with Chapter 17 of the Listing Rules. The Share Option Scheme was conditionally adopted and effective upon Listing by the written resolutions of its then sole Shareholder passed on 22 January 2020 (the "Adoption Date"). The Company is thus entitled to issue a maximum of 100,000,000 shares upon exercise of the share options to be granted under the Share Option Scheme limit, representing 10% of the shares in issue as at the Listing Date.

The purpose of the Share Option Scheme is to motivate any full-time or part-time employees, executives or officers of the Company or any of its subsidiaries, any directors (including executive, non-executive directors and independent non-executive directors) of the Company or any of its subsidiaries, any advisers (professional or otherwise), consultants, suppliers, customers and agents to the Company or any of its subsidiaries; and related entities who, in the sole opinion of the Board, will contribute or have contributed to the Company or any of its subsidiaries (collectively, the "Eligible Participants") to optimize their performance efficiency for benefit of the Group and attract and retain or otherwise maintain on-going business relationship with the Eligible Participants.

Management Discussion and Analysis (Continued)

During the Reporting Period, no options were granted by the Company under the Share Option Scheme.

The Company did not have any outstanding share options, warrants, derivatives or securities where are convertible or exchangeable into Shares as at 30 September 2022.

By order of the Board
Fu Shek Financial Holdings Limited
Keng Stephen Lee
Chairman

Hong Kong, 30 November 2022

As at the date of this report, the Board comprises Mr. Keng Stephen Lee as chairman and non-executive Director, Mr. Sy Man Chiu and Mr. Ng Sik Chiu as executive Directors, and Dr. Yu Sun Say, Mr. Lai Man Sing and Ms. Tsang Ngo Yin as independent non-executive Directors.

Report on Review of Condensed Consolidated Financial Statements



TO THE BOARD OF DIRECTORS OF FU SHEK FINANCIAL HOLDINGS LIMITED

(incorporated in the Cayman Islands with limited liability)

INTRODUCTION

We have reviewed the condensed consolidated financial statements of Fu Shek Financial Holdings Limited (the "Company") and its subsidiaries set out on pages 19 to 42, which comprise the condensed consolidated statement of financial position as at 30 September 2022 and the related condensed consolidated statement of profit or loss and other comprehensive income, condensed consolidated statement of changes in equity and condensed consolidated statement of cash flows for the six-month period then ended, and other explanatory notes. The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of a report on interim financial information to be in compliance with the relevant provisions thereof and Hong Kong Accounting Standard 34 "Interim Financial Reporting" ("HKAS 34") issued by the Hong Kong Institute of Certified Public Accountants. The directors of the Company are responsible for the preparation and presentation of these condensed consolidated financial statements in accordance with HKAS 34. Our responsibility is to express a conclusion on these condensed consolidated financial statements based on our review, and to report our conclusion solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

SCOPE OF REVIEW

We conducted our review in accordance with Hong Kong Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Hong Kong Institute of Certified Public Accountants. A review of these condensed consolidated financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Report on Review of Condensed Consolidated Financial Statements (Continued)

CONCLUSION

Based on our review, nothing has come to our attention that causes us to believe that the condensed consolidated financial statements are not prepared, in all material respects, in accordance with HKAS 34.

Baker Tilly Hong Kong Limited

Certified Public Accountants

Hong Kong, 30 November 2022

Del Rosario, Faith Corazon

Practising certificate number P06143

Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the six months ended 30 September 2022

	Notes	Six months ended 30 September	
		2022 HK\$'000 (unaudited)	2021 HK\$'000 (unaudited)
Revenue			
Fee and commission income	4	5,429	12,219
Interest income under effective interest method		14,433	9,402
		19,862	21,621
Other gains		100	18
Other income	6	718	583
Staff costs	7	(4,662)	(5,351)
Finance costs	8	(559)	(268)
Impairment loss (recognised) reversed, net	9	(800)	1,109
Commission expenses		(632)	(1,526)
Depreciation of property and equipment		(770)	(942)
Other operating expenses		(2,934)	(4,684)
Profit before taxation	10	10,323	10,560
Taxation	11	(1,644)	(1,897)
Profit and total comprehensive income for the period		8,679	8,663
Earnings per share			
Basic (HK cents per share)	12	0.87	0.87

Condensed Consolidated Statement of Financial Position

As at 30 September 2022

	Notes	As at 30 September 2022 HK\$'000 (unaudited)	As at 31 March 2022 HK\$'000 (audited)
Non-current assets			
Property and equipment	14	2,056	2,799
Intangible asset		2,735	2,735
Other assets	15	754	415
Deposits	17	450	519
		5,995	6,468
Current assets			
Accounts receivable	16	286,106	287,461
Deposits, other receivable and prepayments	17	291	292
Bank balances – trust and segregated accounts		168,700	152,569
Bank balances – general accounts and cash		119,373	103,725
		574,470	544,047
Non-current liabilities			
Lease liabilities	21	515	1,270
Current liabilities			
Accounts payable	18	195,446	174,546
Other payables and accrued charges	19	2,334	2,888
Bank borrowings	20	30,000	30,000
Tax payable		2,036	392
Lease liabilities	21	1,493	1,457
		231,309	209,283
Net current assets		343,161	334,764
Net assets		348,641	339,962
Capital and reserves			
Share capital	22	10,000	10,000
Reserves		338,641	329,962
Total capital and reserves		348,641	339,962

Condensed Consolidated Statement of Changes in Equity

For the six months ended 30 September 2022

	Attributable to owners of the Group				Total HK\$'000
	Share capital HK\$'000	Share premium HK\$'000	Retained earnings HK\$'000	Other reserve HK\$'000	
At 1 April 2021 (audited)	10,000	104,819	132,335	80,000	327,154
Profit and total comprehensive income for the period	–	–	8,663	–	8,663
At 30 September 2021 (unaudited)	10,000	104,819	140,998	80,000	335,817
At 1 April 2022 (audited)	10,000	104,819	145,143	80,000	339,962
Profit and total comprehensive income for the period	–	–	8,679	–	8,679
At 30 September 2022 (unaudited)	10,000	104,819	153,822	80,000	348,641

Condensed Consolidated Statement of Cash Flows

For the six months ended 30 September 2022

	Six months ended 30 September	
	2022	2021
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
OPERATING ACTIVITIES		
Operating cash flows before movements in working capital	11,753	10,456
Decrease in accounts receivable	555	26,877
Increase in other assets	(339)	(1,565)
Decrease (increase) in deposits, other receivable and prepayments	70	(333)
Increase in bank balances – trust and segregated accounts	(16,131)	(60,094)
Increase in accounts payable	20,900	23,245
Decrease in other payables and accrued charges	(554)	(463)
	<hr/>	<hr/>
CASH GENERATED FROM (USED IN) OPERATIONS	16,254	(1,877)
Bank interest received	699	205
Income tax paid	–	(1,699)
	<hr/>	<hr/>
NET CASH FROM (USED IN) OPERATING ACTIVITIES	16,953	(3,371)
	<hr/>	<hr/>
INVESTING ACTIVITIES		
Purchase of property and equipment	(27)	–
	<hr/>	<hr/>
NET CASH USED IN INVESTING ACTIVITIES	(27)	–
	<hr/>	<hr/>
FINANCING ACTIVITIES		
Repayments of lease liabilities	(719)	(901)
New bank borrowings raised	–	10,000
Interest paid	(559)	(268)
	<hr/>	<hr/>
NET CASH (USED IN) FROM FINANCING ACTIVITIES	(1,278)	8,831
	<hr/>	<hr/>
NET INCREASE IN CASH AND CASH EQUIVALENTS	15,648	5,460
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE PERIOD	103,725	92,411
	<hr/>	<hr/>
CASH AND CASH EQUIVALENTS AT END OF THE PERIOD	119,373	97,871
	<hr/> <hr/>	<hr/> <hr/>

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 September 2022

1. GENERAL

The Company was incorporated in the Cayman Islands under the Companies Law as an exempted company with limited liability and its shares are listed on The Stock Exchange of Hong Kong Limited (the “SEHK”). The registered office of the Company is located at P.O. Box 2681, Cricket Square, Hutchins Drive, Grand Cayman, KY1-1111, Cayman Islands. The principal place of business of the Company is situated at Flat 2705–6, 27/F, Tower One, Lippo Centre, 89 Queensway, Hong Kong. The Company’s immediate and ultimate holding company is Man Chase Holdings Limited, a company incorporated in the British Virgin Islands, which is owned by Mr. Keng Stephen Lee and Ms. Yeung Lai Lai, who are independent from each other and who have always been the controlling shareholders of the Company and other entities comprising the Group.

The principal activities of the Group are the provision of securities dealing and brokerage services, placing and underwriting services, securities margin financing services and asset management services in Hong Kong.

The unaudited condensed consolidated financial statements are presented in Hong Kong dollars (“HK\$”), which is also the functional currency of the Company.

2. BASIS OF PREPARATION

The unaudited condensed consolidated financial statements have been prepared in accordance with Hong Kong Accounting Standard 34 “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”) as well as with the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

Notes to the Condensed Consolidated Financial Statements (Continued)

For the six months ended 30 September 2022

3. PRINCIPAL ACCOUNTING POLICIES

The unaudited condensed consolidated financial statements have been prepared on the historical cost basis except for certain financial instruments, which are measured at fair values.

Other than additional accounting policies resulting from application of amendments to Hong Kong Financial Reporting Standards (“HKFRSs”), the accounting policies and methods of computation used in the unaudited condensed consolidated financial statements for the six months ended 30 September 2022 are the same as those followed in the preparation of the Group’s audited consolidated financial statements for the year ended 31 March 2022.

Application of amendments to HKFRSs

In the current interim period, the Group has applied the following amendments to HKFRSs issued by the HKICPA, for the first time, which are mandatorily effective for the annual periods beginning on or after 1 April 2022 for the preparation of the Group’s unaudited condensed consolidated financial statements:

Amendments to HKFRS 3	Reference to the Conceptual Framework
Amendments to HKAS 16	Property, Plant and Equipment – Proceeds before Intended Use
Amendments to HKAS 37	Onerous Contracts – Cost of Fulfilling a Contract
Amendments to HKFRSs	Annual Improvements to HKFRSs 2018–2020

The application of the amendments to HKFRSs in the current interim period has had no material impact on the Group’s financial positions and performance for the current and prior periods and/or on the disclosures set out in these unaudited condensed consolidated financial statements.

Notes to the Condensed Consolidated Financial Statements (Continued)

For the six months ended 30 September 2022

4. FEE AND COMMISSION INCOME

Six months ended 30 September

	2022 HK\$'000 (unaudited)	2021 <i>HK\$'000</i> (unaudited)
Commission and brokerage income on securities dealing	3,899	7,803
Placing and underwriting services income	839	1,940
Handling and other fee income	689	2,472
Asset management fee	2	4
	5,429	12,219

Disaggregation of fee and commission income from contracts with customers

Six months ended 30 September

	2022 HK\$'000 (unaudited)	2021 <i>HK\$'000</i> (unaudited)
Timing of revenue recognition		
A point in time	5,308	12,097
Over time	121	122
	5,429	12,219

Notes to the Condensed Consolidated Financial Statements (Continued)

For the six months ended 30 September 2022

5. SEGMENT INFORMATION

The Group's operating segment is determined based on information reported to the executive directors, being the chief operating decision makers ("CODM"), for the purpose of resource allocation and assessment of segment performance.

The Group's reportable and operating segments under HKFRS 8 are as follows:

- (a) the brokerage services segment comprising the provision of brokerage services in securities traded in Hong Kong and overseas markets;
- (b) the margin financing services segment comprising the provision of financing services to margin and cash clients;
- (c) the placing and underwriting services segment comprising the provision of underwriting, sub-underwriting and placing services; and
- (d) the asset management services segment comprising the provision of investment management services.

Notes to the Condensed Consolidated Financial Statements (Continued)

For the six months ended 30 September 2022

5. SEGMENT INFORMATION (Continued)

The accounting policies of the operating segments are the same as the Group's accounting policies described in note 3 to the Group's annual financial statements for the year ended 31 March 2022. Segment profit/(loss) represents the profit or loss earned by each segment without allocation of other income, other gains, unallocated staff costs, unallocated finance costs, depreciation and unallocated other operating expenses. No inter-segment revenues are charged among segments.

Period ended 30 September 2022

	Brokerage services HK\$'000	Margin financing services HK\$'000	Placing and underwriting services HK\$'000	Asset management services HK\$'000	Total HK\$'000
Segment revenue	4,588	14,433	839	2	19,862
Segment profit/(loss)	2,881	13,135	(14)	(88)	15,914
Other income and gains					818
Unallocated staff costs					(3,040)
Unallocated finance costs					(61)
Depreciation					(770)
Unallocated other operating expenses					(2,538)
Profit before taxation					10,323
Other segment information:					
Interest income from clients	-	14,433	-	-	14,433
Interest on bank and other borrowings	-	(498)	-	-	(498)
Commission expenses	(169)	-	(463)	-	(632)
Impairment loss recognised	-	(800)	-	-	(800)

Notes to the Condensed Consolidated Financial Statements (Continued)

For the six months ended 30 September 2022

5. SEGMENT INFORMATION (Continued)

Period ended 30 September 2021

	Brokerage services HK\$'000	Margin financing services HK\$'000	Placing and underwriting services HK\$'000	Asset management services HK\$'000	Total HK\$'000
Segment revenue	<u>10,275</u>	<u>9,402</u>	<u>1,940</u>	<u>4</u>	<u>21,621</u>
Segment profit/(loss)	<u>7,161</u>	<u>10,271</u>	<u>524</u>	<u>(86)</u>	<u>17,870</u>
Other income and gains					601
Unallocated staff costs					(3,543)
Unallocated finance costs					(28)
Depreciation					(942)
Unallocated other operating expenses					<u>(3,398)</u>
Profit before taxation					<u>10,560</u>
Other segment information:					
Interest income from clients	<u>-</u>	<u>9,402</u>	<u>-</u>	<u>-</u>	<u>9,402</u>
Interest on bank and other borrowings	<u>-</u>	<u>(240)</u>	<u>-</u>	<u>-</u>	<u>(240)</u>
Commission expenses	<u>(500)</u>	<u>-</u>	<u>(1,026)</u>	<u>-</u>	<u>(1,526)</u>
Impairment loss reversed	<u>-</u>	<u>1,109</u>	<u>-</u>	<u>-</u>	<u>1,109</u>

The CODM makes decisions according to operating results of each segment. No analysis of segment asset and segment liability is presented as the CODM does not regularly review such information for the purposes of resources allocation and performance assessment.

Geographical information

The Group's operations are principally located in the Hong Kong and all of the Group's revenue and non-current assets are derived from and located in Hong Kong.

Notes to the Condensed Consolidated Financial Statements (Continued)

For the six months ended 30 September 2022

6. OTHER INCOME

	Six months ended 30 September	
	2022	2021
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
Bank interest income	699	205
Sundry income	19	378
	718	583

7. STAFF COSTS

	Six months ended 30 September	
	2022	2021
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
Directors' remuneration		
– fees	360	360
– salaries, discretionary bonus and other benefits	1,640	1,775
– contributions to the retirement benefit scheme	9	9
Salaries, discretionary bonus and other benefits	2,876	3,106
Contributions to the retirement benefit scheme	90	101
	4,975	5,351
Less: Government grants	(313)	–
	4,662	5,351

During the period ended 30 September 2022, the Group recognised government grants of HK\$313,000 in respect of COVID-19-related subsidies, which relates to Employment Support Scheme provided by the Hong Kong Government for compensating the Group's staff costs.

Notes to the Condensed Consolidated Financial Statements (Continued)

For the six months ended 30 September 2022

8. FINANCE COSTS

	Six months ended 30 September	
	2022	2021
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
Interest on short term advances from brokers	–	101
Interest on bank borrowings	498	139
Interest on lease liabilities	61	28
	<hr/>	<hr/>
	559	268
	<hr/> <hr/>	<hr/> <hr/>

9. IMPAIRMENT LOSS (RECOGNISED) REVERSED, NET

	Six months ended 30 September	
	2022	2021
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
Impairment loss (recognised) reversed on:		
Accounts receivable arising from the business		
of dealing in securities	(800)	1,109
	<hr/>	<hr/>

The basis of determining the inputs and assumptions and the estimation techniques used in the unaudited condensed consolidated financial statements for the six months ended 30 September 2022 are the same as those followed in the preparation of the Group's audited consolidated financial statements for the year ended 31 March 2022.

Notes to the Condensed Consolidated Financial Statements (Continued)

For the six months ended 30 September 2022

10. PROFIT BEFORE TAXATION

	Six months ended 30 September	
	2022	2021
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
Profit before taxation has been arrived at after charging:		
Auditor's remuneration		
– Annual audit	475	475
– Interim review	200	200
Legal and professional fees	637	964
Information services expenses	865	858
Settlement and brokerage trading expenses	396	1,286
Compliance advisory fee	–	480

11. TAXATION

	Six months ended 30 September	
	2022	2021
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
Current tax:		
– Hong Kong Profits Tax	1,644	1,897

Hong Kong Profits Tax is calculated at 8.25% on the first HK\$2 million of the estimated assessable profits and at 16.5% on the estimated assessable profits above HK\$2 million for both reporting periods.

Notes to the Condensed Consolidated Financial Statements (Continued)

For the six months ended 30 September 2022

12. EARNINGS PER SHARE

The calculation of the basic earnings per share attributable to the owners of the Company is based on the following data:

	Six months ended 30 September	
	2022	2021
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
Earnings		
Profit attributable to ordinary equity holders of the Company, used in the basic earnings per share calculation	8,679	8,663

	Number of shares	
	Six months ended 30 September	
	2022	2021
Number of shares:		
Weighted average number of ordinary shares in issue during the period, used in the basic earnings per share calculation ('000)	1,000,000	1,000,000

No diluted earnings per share is presented for the six-month periods ended 30 September 2022 and 2021 as there were no potential dilutive shares.

13. DIVIDENDS

No dividend was paid or proposed for ordinary shareholders of the Company during the period ended 30 September 2022, nor has any dividend been proposed since the end of the reporting period (period ended 30 September 2021: Nil).

Notes to the Condensed Consolidated Financial Statements (Continued)

For the six months ended 30 September 2022

14. PROPERTY AND EQUIPMENT

	Furniture and fixtures HK\$'000	Office equipment HK\$'000	Computer HK\$'000	Leasehold improvements HK\$'000	Sub- total HK\$'000	Right- of-use assets HK\$'000	Total HK\$'000
COST							
At 1 April 2021 (audited)	303	76	377	97	853	3,584	4,437
Additions	–	7	–	–	7	3,007	3,014
Eliminated upon end of lease	–	–	–	–	–	(3,584)	(3,584)
At 31 March 2022 (audited)	303	83	377	97	860	3,007	3,867
Additions	6	–	21	–	27	–	27
At 30 September 2022 (unaudited)	<u>309</u>	<u>83</u>	<u>398</u>	<u>97</u>	<u>887</u>	<u>3,007</u>	<u>3,894</u>
ACCUMULATED DEPRECIATION							
At 1 April 2021 (audited)	257	68	309	97	731	2,090	2,821
Provided for the year	46	3	38	–	87	1,744	1,831
Eliminated upon end of lease	–	–	–	–	–	(3,584)	(3,584)
At 31 March 2022 (audited)	303	71	347	97	818	250	1,068
Provided for the period	–	2	16	–	18	752	770
At 30 September 2022 (unaudited)	<u>303</u>	<u>73</u>	<u>363</u>	<u>97</u>	<u>836</u>	<u>1,002</u>	<u>1,838</u>
CARRYING VALUES							
At 30 September 2022 (unaudited)	<u>6</u>	<u>10</u>	<u>35</u>	<u>–</u>	<u>51</u>	<u>2,005</u>	<u>2,056</u>
At 31 March 2022 (audited)	<u>–</u>	<u>12</u>	<u>30</u>	<u>–</u>	<u>42</u>	<u>2,757</u>	<u>2,799</u>

Notes to the Condensed Consolidated Financial Statements (Continued)

For the six months ended 30 September 2022

15. OTHER ASSETS

	As at 30 September 2022 HK\$'000 (unaudited)	As at 31 March 2022 HK\$'000 (audited)
The SEHK		
– Compensation Fund deposits	50	50
– Fidelity Fund deposits	50	50
Hong Kong Securities Clearing Company Limited ("HKSCC")		
– Admission fees	50	50
– Guarantee Fund contribution	604	265
	754	415

Balances represent statutory deposits with the SEHK and HKSCC which are non-interest bearing.

Notes to the Condensed Consolidated Financial Statements (Continued)

For the six months ended 30 September 2022

16. ACCOUNTS RECEIVABLE

	As at 30 September 2022 HK\$'000 (unaudited)	As at 31 March 2022 HK\$'000 (audited)
Accounts receivable arising from the business of dealing in securities (<i>note a</i>)		
– HKSCC	4,813	727
– Cash clients	310	204
– Margin clients	282,863	287,432
Accounts receivable arising from placing and underwriting services (<i>note b</i>)	1,737	1,915
	289,723	290,278
Less: allowance for impairment loss		
– accounts receivable arising from the business of dealing in securities	(2,437)	(1,637)
– accounts receivable arising from placing and underwriting services	(1,180)	(1,180)
	286,106	287,461

Notes to the Condensed Consolidated Financial Statements (Continued)

For the six months ended 30 September 2022

16. ACCOUNTS RECEIVABLE (Continued)

Notes:

- (a) The normal settlement terms of accounts receivable from cash clients and HKSCC are two days after trade date. In respect of accounts receivable from cash clients which are past due at the end of the reporting period, the ageing analysis (from settlement date) is as follows:

	As at 30 September 2022 HK\$'000 (unaudited)	As at 31 March 2022 HK\$'000 (audited)
0–30 days	21	1
31–60 days	16	–
61–90 days	47	17
Over 90 days	65	1
	149	19

Accounts receivable from HKSCC is related to unsettled trades and not yet past due.

No ageing analysis is disclosed, in respect of accounts receivable from margin clients, as in the opinion of the directors of the Company, the ageing analysis does not give additional value in view of the nature of business of securities margin financing.

Management assessed the fair value of the securities held by the Group of each individual client who had shortfall and provision for impairment loss of HK\$2,437,000 was made as at 30 September 2022 (31 March 2022: HK\$1,637,000).

- (b) No credit period is granted for accounts receivable arising from placing and underwriting services. The ageing analysis (based on the revenue recognition date) is as follows:

	As at 30 September 2022 HK\$'000 (unaudited)	As at 31 March 2022 HK\$'000 (audited)
0–30 days	177	–
31–90 days	380	300
91–120 days	–	385
121–180 days	–	–
181–365 days	–	–
Over 365 days	1,180	1,230
	1,737	1,915

Impairment allowance of HK\$1,180,000 (31 March 2022: HK\$1,180,000) has been made for accounts receivable from placing and underwriting services.

Notes to the Condensed Consolidated Financial Statements (Continued)

For the six months ended 30 September 2022

17. DEPOSITS, OTHER RECEIVABLE AND PREPAYMENTS

	As at 30 September 2022 HK\$'000 (unaudited)	As at 31 March 2022 HK\$'000 (audited)
Deposits	659	727
Other receivable	17	18
Prepayments	65	66
	741	811
Analyses as:		
Current	291	292
Non-current	450	519
	741	811

Notes to the Condensed Consolidated Financial Statements (Continued)

For the six months ended 30 September 2022

18. ACCOUNTS PAYABLE

	As at 30 September 2022 HK\$'000 (unaudited)	As at 31 March 2022 HK\$'000 (audited)
Cash clients	118,774	107,910
Margin clients	58,301	56,711
HKSCC	18,371	9,925
	195,446	174,546

The normal settlement terms of accounts payable to clients and HKSCC are two days after trade date.

Accounts payable to margin clients, cash clients and HKSCC are repayable on demand after settlement date. No ageing analysis is disclosed as in the opinion of directors of the Company, the ageing analysis does not give additional value in view of the nature of this business.

The accounts payable amounting to HK\$168,700,000 (31 March 2022: HK\$152,569,000) were payable to clients in respect of the trust and segregated bank balances received and held for clients in the course of the conduct of regulated activities. However, the Group does not have a currently enforceable right to offset these payables with the deposits placed.

Notes to the Condensed Consolidated Financial Statements (Continued)

For the six months ended 30 September 2022

19. OTHER PAYABLES AND ACCRUED CHARGES

	As at 30 September 2022 HK\$'000 (unaudited)	As at 31 March 2022 HK\$'000 (audited)
Other payables	1,608	1,667
Accrued charges	726	1,221
	2,334	2,888

20. BANK BORROWINGS

	As at 30 September 2022 HK\$'000 (unaudited)	As at 31 March 2022 HK\$'000 (audited)
Revolving loan, secured	30,000	30,000

The revolving loan is collateralised by the Group's margin clients' marketable securities with fair value of HK\$95,190,000 at 30 September 2022 (31 March 2022: HK\$94,400,000) pledged to the Group (with clients' consent) and repayable on demand.

The revolving loan carries interest at 1.7% p.a. over 1-week Hong Kong Inter-bank Offered Rate.

Notes to the Condensed Consolidated Financial Statements (Continued)

For the six months ended 30 September 2022

21. LEASE LIABILITIES

	As at 30 September 2022 HK\$'000 (unaudited)	As at 31 March 2022 HK\$'000 (audited)
Minimum lease payment due:		
Within one year	1,560	1,560
More than one year but not exceeding two years	520	1,300
	2,080	2,860
Less: Future finance charge	(72)	(133)
	2,008	2,727
Present value of lease liabilities:		
Within one year	1,493	1,457
More than one year but not exceeding two years	515	1,270
	2,008	2,727

The Group leases one property to operate its business and these liabilities were measured at the present value of the lease payments that are not yet paid.

22. SHARE CAPITAL

Details of the share capital of the Company are as follows:

	Number of shares	Nominal amount HK\$'000
Authorised:		
At 31 March 2021 and 2022 and 30 September 2022	5,000,000,000	50,000
Issued and fully paid:		
At 31 March 2021 and 2022 and 30 September 2022	1,000,000,000	10,000

Notes to the Condensed Consolidated Financial Statements (Continued)

For the six months ended 30 September 2022

23. RELATED PARTY TRANSACTIONS

During the period, the Group entered in the following transactions with related parties:

	Six months ended 30 September	
	2022 HK\$'000 (unaudited)	2021 HK\$'000 (unaudited)
Commission income received from the following directors, controlling shareholders and related party of the Company		
– Mr. Sy Man Chiu and his close members of the family	3	11
– Mr. Keng Stephen Lee and his close members of the family	–	34
– Ms. Yeung Lai Lai and her close members of the family	102	553
	105	598
Interest income received from the following directors, controlling shareholders and related party of the Company		
– Mr. Keng Stephen Lee and his close members of the family	–	2
– Ms. Yeung Lai Lai and her close members of the family	57	20
	57	22
Handling fee income from the following directors, controlling shareholders and related party of the Company		
– Mr. Sy Man Chiu and his close members of the family	1	4
– Mr. Keng Stephen Lee and his close members of the family	1	2
– Ms. Yeung Lai Lai and her close members of the family	10	22
	12	28
Key management personnel remuneration		
– Fees, salaries, commission expenses, discretionary bonus and other benefits	3,482	4,181
– Retirement benefit scheme contributions	27	27
	3,509	4,208

Notes to the Condensed Consolidated Financial Statements (Continued)

For the six months ended 30 September 2022

24. FAIR VALUE MEASUREMENTS OF FINANCIAL INSTRUMENTS

The directors consider that the carrying amounts of financial assets and financial liabilities recorded at amortised costs in the unaudited condensed consolidated financial statements approximate their fair values. The fair value of financial assets and financial liabilities are determined in accordance with discounted cash flow analysis.